

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
CORE SCIENTIFIC, INC., et al.,	§	Case No. 22-90341 (DRJ)
	§	
Debtors.¹	§	(Jointly Administered)
	§	

**NOTICE OF FILING OF DEMONSTRATIVE TO BE USED BY THE DEBTORS
AT THE JUNE 29, 2023 STATUS CONFERENCE AT 1:30 PM (CENTRAL TIME)**

PLEASE TAKE NOTICE THAT on June 13, 2023, the Court entered the *Order Pursuant to Section 1121(D) Of the Bankruptcy Code Extending Exclusive Periods* (Docket No. 962), which scheduled a status conference (the “**Status Conference**”) for June 29, 2023 at 1:30 p.m. (prevailing Central Time) before the Honorable David R. Jones, United States Bankruptcy Judge for the Southern District of Texas, Houston Division.

PLEASE TAKE FURTHER NOTICE THAT the Debtors’ undersigned counsel will present a PowerPoint demonstrative, attached hereto as **Exhibit A**, to the Court at the Status Conference.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (6074); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors’ corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

Dated: June 29, 2023
Houston, Texas

Respectfully submitted,

/s/ Alfredo R. Pérez

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Attorneys for Debtors

and Debtors in Possession

Certificate of Service

I hereby certify that on June 29, 2023, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Alfredo R. Pérez
Alfredo R. Pérez

EXHIBIT A



Case Update

June 29, 2023

Weil

PJT Partners **Alix**Partners

Agenda

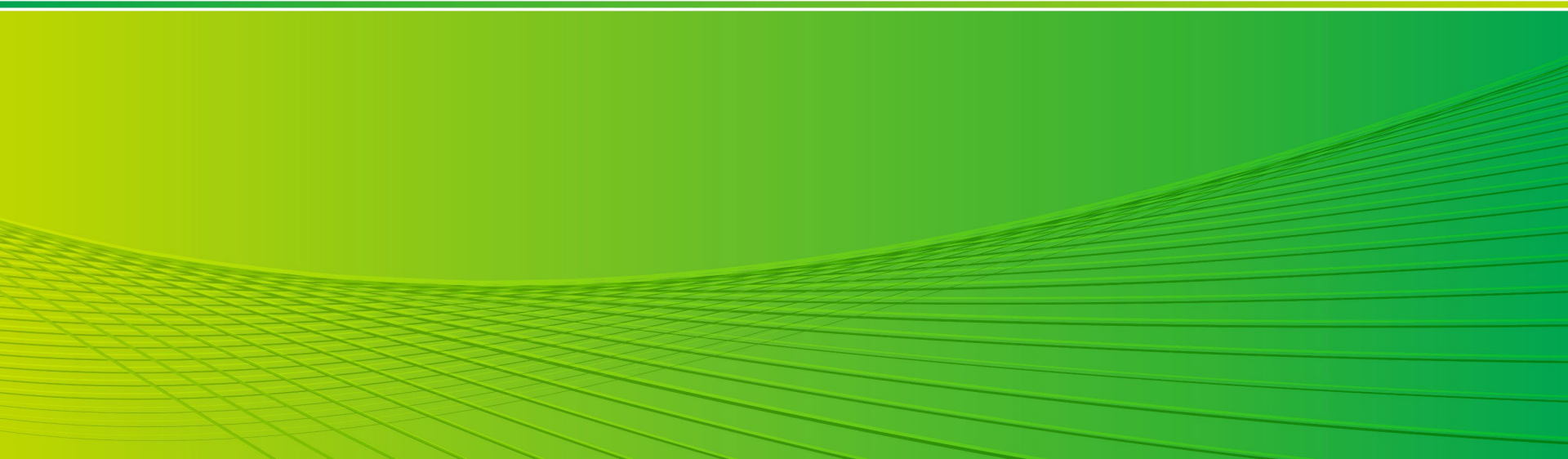
1 Update on Plan Negotiations and Stakeholder Discussions

2 Summary of Plan Treatment

3 Liquidity Update

4 Next Steps

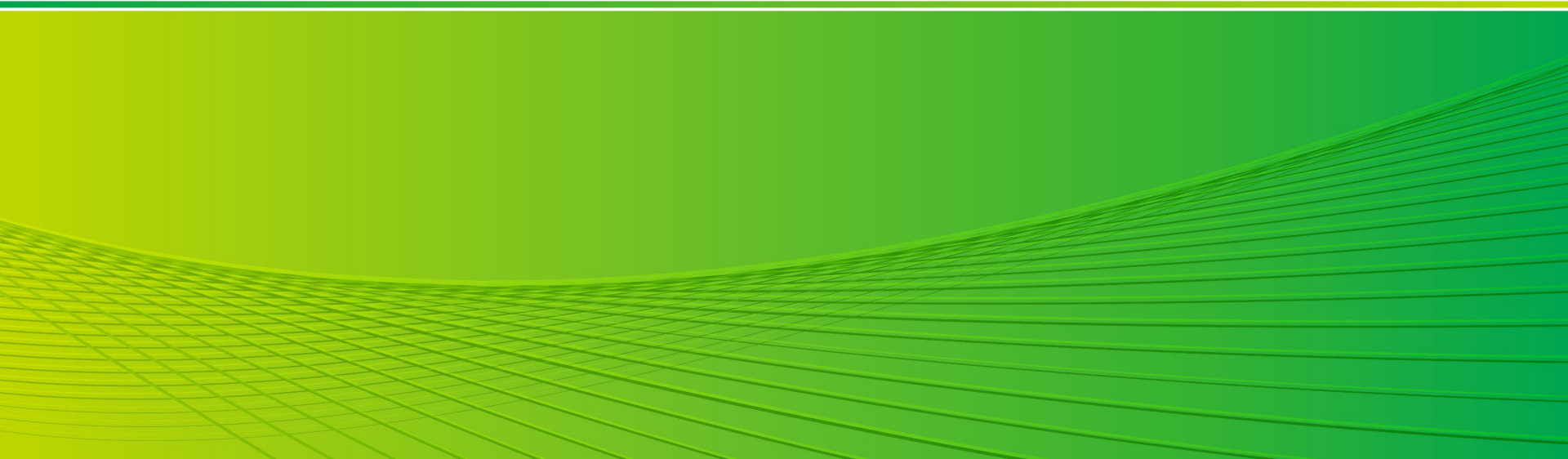
Update on Negotiations/Discussions



Update on Plan Negotiations and Stakeholder Discussions

- May 10–22: The Debtors and their advisors presented the business plan and solicited feedback from their key stakeholder groups:
 - Ad Hoc Group of Convertible Noteholders (the “AHG”)
 - Unsecured Creditors Committee (the “UCC”)
 - Official Equity Committee (the “OEC”)
 - Certain large equipment lenders (the “Equipment Lenders”)
 - the DIP Lender (also largest unsecured creditor)
- May 22: Exclusivity hearing
- May 31: The Debtors circulated the consensual plan framework to the key stakeholder groups
- May 31–June 14: The Debtors and their advisors held multiple meetings regarding the consensual plan framework with the key stakeholder groups
- June 16: The Debtors circulated a draft Plan to the key stakeholder groups’ advisors
- June 20: The Debtors filed the Plan and Disclosure Statement
- June 21–28: The Debtors continued discussions with the key stakeholder groups
- The Debtors intend to request that the parties submit to Plan mediation with Judge Isgur in the event needed; Plan negotiations continue in the meantime

Summary of Plan Treatment



Summary of Plan Treatment

- The Debtors' plan of reorganization (the "Plan") provides for both a consensual path to emergence, as well as a nonconsensual path to emergence
 - If either class of convertible secured notes rejects the Plan, holders in such class receive new debt equal to 100% of their claims and the Debtors will seek confirmation of the Plan under the cram-up provisions of the Bankruptcy Code
 - If either class of convertible notes accepts the Plan, holders in such class receive 50% of their recovery in new debt and 50% in equity in the reorganized Debtors at Plan Value
- The default treatment provided in the Plan reflects the Bankruptcy Code-mandated priority waterfall:
 - DIP Claims are paid in cash in full
 - Secured creditors receive the present value of their secured claims and maintain their prepetition collateral
 - Unsecured creditors receive 100% recovery in equity at Plan Value
 - Equity holders and 510(b) claimants will receive the residual value remaining after payment in full to secured and unsecured creditors
- If both classes of convertible secured noteholders accept the Plan, individual elections are available to the miner equipment lenders (Class 3) and general unsecured claimants (Class 8)
- The Debtors are running a process to raise capital to address potential need for new money

Summary of Plan Treatment (cont'd)

(\$ in millions)	Claims / Current Treatment*	Summary Terms		
DIP Claims	Key Terms <ul style="list-style-type: none"> > <u>Claim</u>: \$33.3 > <u>Maturity</u>: 12 months > <u>Interest</u>: 10% PIK > <u>Amortization</u>: None > <u>Security</u>: Previously unencumbered assets (i.e., real estate, net of fixtures) 	<ul style="list-style-type: none"> > Paid in full in cash 		
August Convertible Notes Secured Claims and April Convertible Notes Secured Claims (April Notes = first lien August Notes = second lien)	Key Terms <ul style="list-style-type: none"> > <u>Claim</u>: \$610.2 > <u>Maturity</u>: 4 years > <u>Interest</u>: 4% cash, 6% PIK > <u>Amortization</u>: None > <u>Conversion Premium</u>: \$8/Share > <u>Security</u>: Accounts, fixtures, hosting contracts, owned miners, certain other assets 	Accepting Classes⁽¹⁾ <ul style="list-style-type: none"> > 50% of claim equitized at Plan value > Takeback convertible debt for 50% of claim: <ul style="list-style-type: none"> – <u>Amount</u>: \$305.1 (if both accept) – <u>Maturity</u>: 7 years – <u>Interest</u>: 4% cash, 6% PIK Toggle – <u>Amortization</u>: None – <u>Conversion Price</u>: 37.5% premium⁽²⁾ – <u>Security</u>: Existing perfected collateral and any additional collateral to be discussed between the Ad Hoc Noteholder Group 	Rejecting Classes <ul style="list-style-type: none"> > No equity > Takeback debt for 100% of claim: <ul style="list-style-type: none"> – <u>Amount</u>: \$610.2 (if both reject) – <u>Maturity</u>: 10 years – <u>Interest</u>: 4% cash, 6% PIK Toggle – <u>Amortization</u>: None – <u>Conversion Premium</u>: n/a – <u>Security</u>: Existing perfected collateral 	
Miner Equipment Lender Secured Claims	Key Terms <ul style="list-style-type: none"> > <u>Claim</u>: \$242.1 > <u>Maturity</u>: 2-3 years > <u>Interest</u>: 12.5% cash⁽³⁾ > <u>Amortization</u>: Mortgage-style > <u>Security</u>: Certain miners 	Default Miner Equipment Lender Treatment <ul style="list-style-type: none"> > Takeback debt in amount of collateral value <ul style="list-style-type: none"> – <u>Amount</u>: \$59.3 – <u>Maturity</u>: 5 years – <u>Interest</u>: 10.0% cash – <u>Amortization</u>: None – <u>Security</u>: Unchanged > Any deficiency claim treated as a General Unsecured Claim 	Miner Equipment Lender Treatment Election 1⁽⁴⁾ <ul style="list-style-type: none"> > Takeback debt in amount of 100% of claim <ul style="list-style-type: none"> – <u>Amount</u>: \$242.1 – <u>Maturity</u>: 12 years – <u>Interest</u>: 4.0% cash – <u>Amortization</u>: None for 2 years, equal installments thereafter – <u>Security</u>: Unchanged > No deficiency claims; recovery in full from debt 	Miner Equipment Lender Treatment Election 2⁽⁴⁾ <ul style="list-style-type: none"> > Takeback debt in amount of 75% of claim <ul style="list-style-type: none"> – <u>Amount</u>: \$181.6 – <u>Maturity</u>: 7 years – <u>Interest</u>: 7.0% cash – <u>Amortization</u>: None for 2 years, equal installments thereafter – <u>Security</u>: Unchanged > Waiver of any deficiency claim

(1) If either class of convertible notes accept the Plan, such class will receive consensual plan treatment. Amounts listed in Accepting Classes and Rejection Classes scenarios do not include the “2x” amounts.

(2) Voluntarily convertible at a 37.5% premium to Plan value. If stock trades at a 50% premium to Plan value for at least 20 days in a 30 consecutive day period, Company has the option to convert (if not already converted by takeback convertible noteholders) at a 37.5% premium to Plan value.

(3) Weighted average across outstanding financings.

(4) Option only available if both Convertible Notes classes accept the Plan.

Summary of Plan Treatment (cont'd)

(\$ in millions)	Claims / Current Treatment*	Summary Terms	
Other Secured Claims	Key Terms > <u>Claim</u> : \$23.0 ⁽¹⁾ > <u>Maturity</u> : 2.5-5.5 years > <u>Interest</u> : 7.5% ⁽²⁾ > <u>Amortization</u> : Mortgage-style	All Plan Construct Scenarios > <u>Amount</u> : \$23.0 > <u>Maturity</u> : Unchanged > <u>Interest</u> : Unchanged > <u>Amortization</u> : Unchanged	
M&M Lien Secured Claims	Key Terms > <u>Claim</u> : TBD	All Plan Construct Scenarios > <u>Amount</u> : TBD > <u>Maturity</u> : 10 years > <u>Interest</u> : 5.0% cash > <u>Amortization</u> : None for 2 years, equal annual installments thereafter ⁽⁷⁾	
Secured Mortgage Claims	> <u>Claim</u> : \$0.7	Default Mortgage Treatment > Mortgage takeback debt in the amount of 100% of claim (with 2025 extended maturity)	Mortgage Treatment Election > Payment in cash in the amount of 95% of claim size within 60 days of Effective date
		Default GUC Treatment > Full equitization at Plan value	GUC Treatment Election⁽³⁾ > <u>Amount</u> : Capped at \$75 ⁽⁴⁾ > <u>Maturity</u> : 7 years > <u>Interest</u> : 7.0% cash > <u>Amortization</u> : None for 2 years, equal annual installments thereafter ⁽⁶⁾
General Unsecured Claims	> <u>Claims</u> : \$85-105 ⁽⁵⁾		

(1) Reflects current outstanding balance. Company must cure all missed interest payments.

(2) Weighted average across outstanding financings.

(3) Option only available if both Convertible Notes classes accept the Plan.

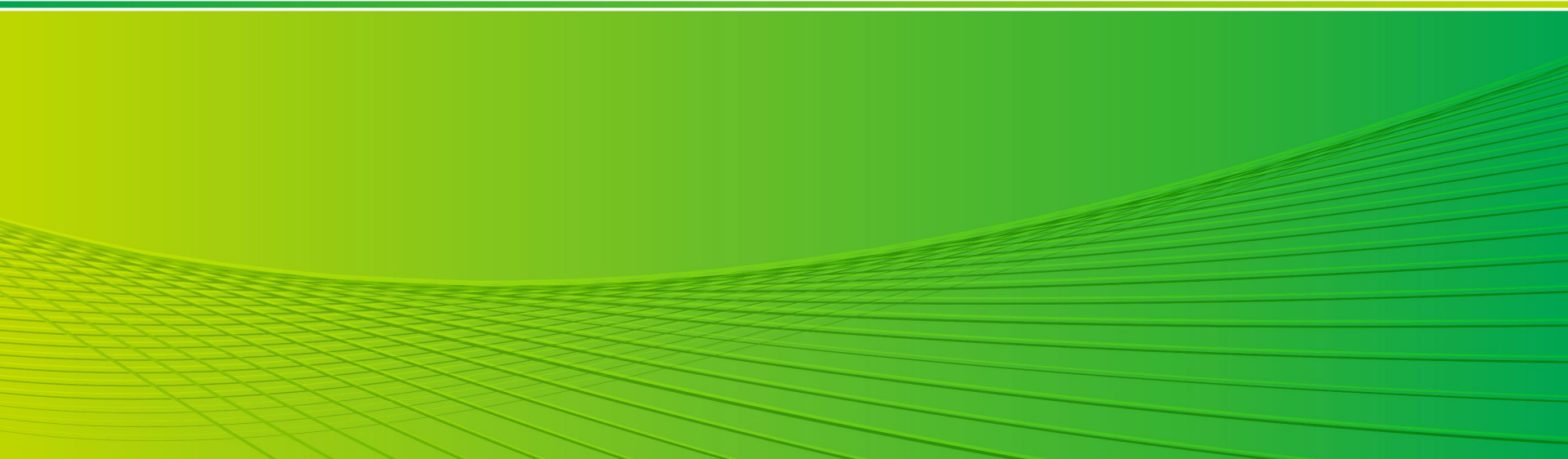
(4) In satisfaction of their full claim, GUCs can elect to receive takeback in the amount of 75% of their claim; to the extent more than \$100 million of GUCs elect Option 1, the amount of GUCs electing Option 1 in excess of \$100 million will receive reorganized equity at Plan value equivalent to the difference between the amount of Option 1-electing claims less \$100 million.

(5) This amount does not include Miner Lender Deficiency Claims (as defined in the Plan).

(6) Payment of outstanding balance in equal annual installments over remaining tenor.

*The estimated claim amounts set forth in the table are estimates only and therefore are subject to change. For the avoidance of doubt, the Debtors are continuing to review claims filed against them, and parties may object to the allowed amounts of claims set forth in the Plan. 8

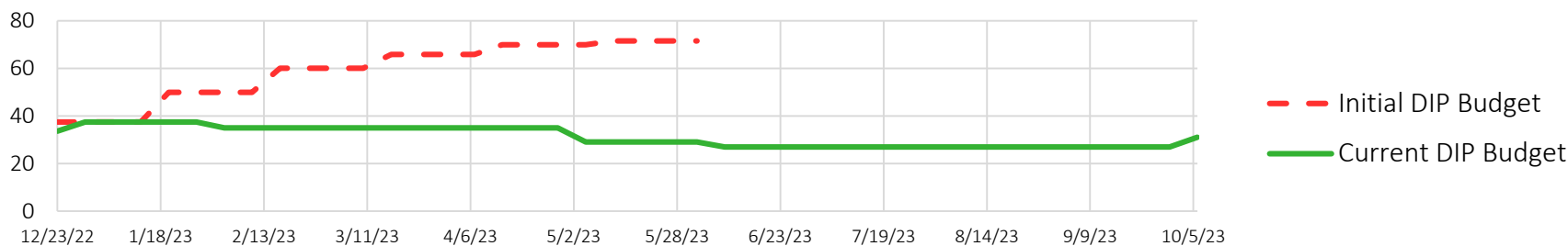
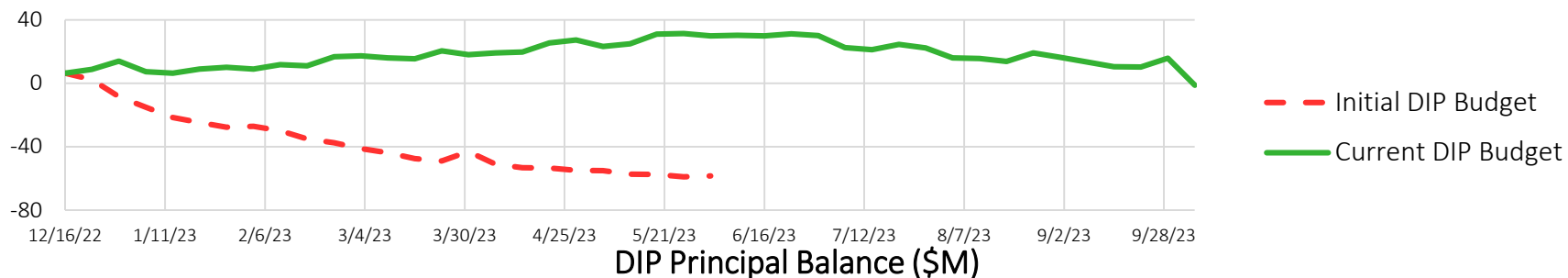
Liquidity Update



Liquidity Update

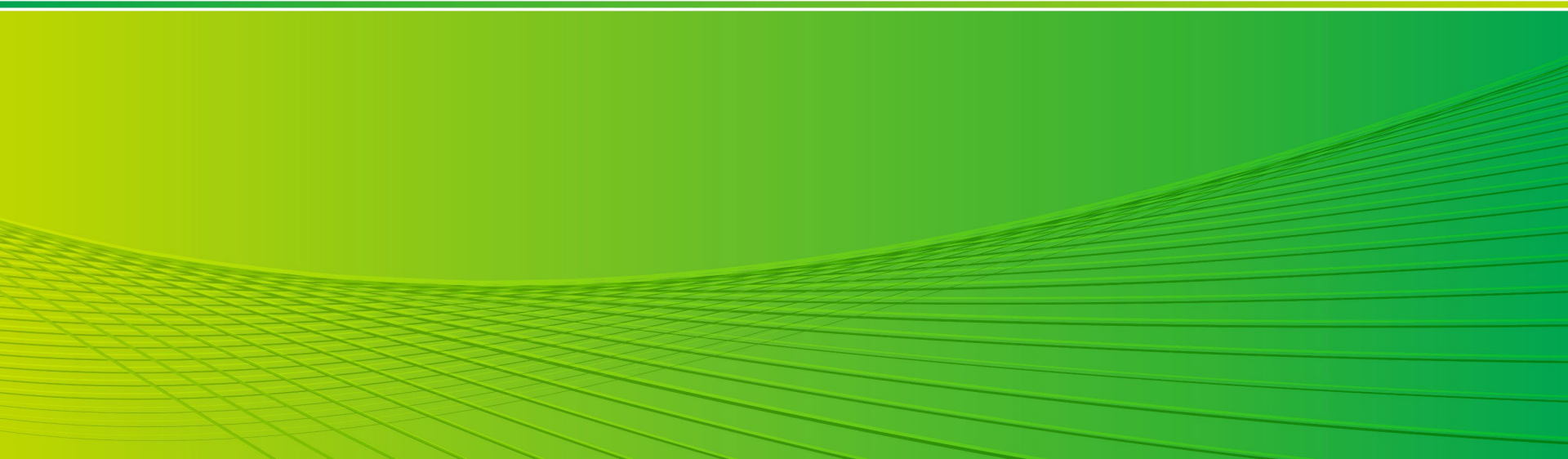
- The Debtors' liquidity position continues to improve as a result of macro tailwinds, favorable commodity pricing and effective management
 - Despite extending the case by 4 months, the Debtors' ending liquidity is currently forecast to be **~\$48M greater** than the initial budget at filing (when removing all impacts from DIP draws and repayments⁽¹⁾), resulting in materially lower use of DIP funding
 - In fact, the Debtors have had no incremental DIP draws after the interim DIP approval in February 2023, and have repaid \$8.0M of DIP obligations under the DIP's Excess Cash sweep mechanics
- Outperformance is primarily related to both realized and projected (1) increase in receipts from self-mining operations and (2) decrease in power disbursements

Ending Liquidity (ex. DIP Draws & Repayments)⁽²⁾(\$M)



1. DIP repayment cost of \$8.9M in February 2023 as a result of replacing the initial DIP is included in the calculation of \$48M
 2. Liquidity reflects cash balance plus BTC held and in-transit

Next Steps



Key Next Steps

1

Continue Plan Negotiations

2

Mediate Plan Construct with Key Stakeholders (If Necessary)

3

File Disclosure Statement Motion

4

Proceed to Plan Confirmation with Targeted Emergence in September 2023